



BALADNA Q.P.S.C.

Q4 2020 and FY 2020 Financial Results Presentation

24th March 2021



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Message from the CEO

- Despite the challenges brought about in 2020, our strong operational performance, continued commercial success and financial results achieved, reflect the dedication of the entire Baladna team and the support of the Baladna Board of Directors to serve our customers and further enhance shareholder value.
- In Q4 2020 Baladna achieved a Revenue of QAR 191 million and a Net Profit of QAR 39 million. In a challenging market which was characterised through softening retail demand and an increasing demand from HORECA channels, Baladna managed to increase its market share across several of its product categories.
- For the full year financials of 2020, we are proud of the Company's performance as Baladna achieved significant growth in terms of sales volumes, revenue and net profit.
- Total Revenue for FY 2020 stands at QAR 815 million, compared to QAR 486 million in 2019. The business delivered a strong Net Profit of QAR 152 million, an increase of 152% versus previous year, representing a Net Profit Margin of 19%.
- Product portfolio management remained paramount as Baladna continues to focus on introducing innovative and value accretive products. Our consumer insights program, launched in 2020, coupled with the NPD program, allows us to identify the market trends and customer preferences in an accelerated and more informative manner, resulting in the successful launch of 96 new SKUs and delisting of 18 SKUs to optimize Baladna's yield. Overall, our product portfolio grew by 41% in 2020.
- In addition to the interim dividend of QAR 0.021 per share (paid in April 2020), the Board of Directors proposes a final dividend of QAR 0.053 per share. The combined dividend for the period reflects QAR 0.074, equal to 7.4% of the nominal value per share.
- Our strategic focus remains on shareholder value creation, and further strengthening food security and self-sufficiency in Qatar by delivering superior products, expanding our dairy and juice portfolio and focusing on efficiency gains across the entire value chain.
- In the short term, we expect a continuation of volatility in terms of demand for our products, however we are confident that through business planning and the Company's agility, Baladna is well positioned to continue its growth plans in 2021.

Performance highlights from 2 Dec 2019 to 31 Dec 2020

235

Total SKUs

+41% (vs. previous year)

QAR 815m

Revenue

+68% (vs. previous year)

QAR 194m

EBIT

+62% (vs. previous year)

QAR 152m

Net profit

+152% (vs. previous year)

QAR 120m

Free cashflow to the firm

Not comparable to previous year

Fourth quarter standalone – update on 3 months period ended 31st Dec 2020

- Revenue quarter on quarter increased by 5%, achieved solid QAR 191 million revenue
- EBIT of QAR 51 million, representing an increase of 26% quarter on quarter
- Net profit of QAR 39 million, representing a net profit margin of 21% for the fourth quarter

Key challenges in FY 2020 and Baladna's immediate actions



Decline in market demand



- Increased communication campaigns and consumer promotions/offers
- Strengthened Trade activity
- HORECA/Deli portfolio



Interruption to innovation launch programme



- Re-scheduled launch program
- Fast track visas for engineering/commissioning engineers
- Remote commissioning



Managing additional costs associated with Covid-19



- Efficient cash flow management with expenditure prioritization initiatives
- Managing working capital with a focus on cash-to-cash conversion cycle
- Digitalization of various operational functions (i.e. team meetings, data access and business approval processes)



Remote working



- Utilization of technological means of communication where applicable
- Recruitment of local human capital to replace persons unable to return
- Organizing team outings in controlled numbers and arranging activities within accommodation whilst maintaining social distancing rules

Key investment highlights

- 1** Market leader in dairy and beverages in Qatar ✓ c. 80% in total milk
- 2** State of the art facilities and technology ✓ No interruption
- 3** Integrated value chain ✓ Independent
- 4** Innovation and product development ✓ 235 SKUs
- 5** Strong financial performance and financial position ✓ 24% EBIT margin
- 6** Strategic shareholders support ✓ 53% long term







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Key operational highlights





		FY 2019	FY 2020	Growth	
1	Total herd	19,345	22,250	+15%	<ul style="list-style-type: none"> Optimising total herd size for existing operations and production levels
2	Average daily yield per cow	31.8	36.6	+15%	<ul style="list-style-type: none"> Herd management efficiencies have improved average daily milk yield and costs per liter
3	Total no. of SKUs	167	235	+41%	<ul style="list-style-type: none"> Portfolio efficiency provides platform for profitable growth The rationalization program continues to review the product portfolio to maximise returns
4	No. of customers	3,265	3,912	20%	<ul style="list-style-type: none"> Focused on enhancing quality of existing client relationships and attracting new customers More focus on HORECA customers going forward

Significant market share gains in 2020 (1/2)

		MAT '19	MAT '20	
Fresh milk		85.6%	85.9%	<ul style="list-style-type: none"> MAT 2020 market size: QAR 257m Total market volume decreasing by 5% for MAT 2020 vs. MAT 2019 Baladna retains strong #1 position within the core fresh milk category
UHT milk		57.6%	78.0%	<ul style="list-style-type: none"> MAT 2020 market size: QAR 180m Total market volume decreasing by 3% for MAT 2020 vs. MAT 2019 Baladna retains strong #1 position within the UHT milk category – total market share of 79.6% including co-packing of private label
Laban		33.0%	41.4%	<ul style="list-style-type: none"> MAT 2020 market size: QAR 113m Total market volume decreasing by 12% for MAT 2020 vs. MAT 2019 Diluted laban remains a significant growth opportunity for Baladna
Juice		9.6%	18.7%	<ul style="list-style-type: none"> MAT 2020 market size: QAR 282m Total market volume decreasing by 4% for MAT 2020 vs. MAT 2019 Juice remains a significant growth opportunity for Baladna

Source: AC Nielsen

Significant market share gains in 2020 (2/2)

		MAT '19	MAT '20	
Yoghurt		34.2%	39.6%	<ul style="list-style-type: none"> ▪ MAT 2020 market size: QAR 117m ▪ Total market volume remains stable (+0%) for MAT 2020 vs. MAT 2019 ▪ Baladna achieved value leadership within the yoghurt category
Labneh		19.3%	45.0%	<ul style="list-style-type: none"> ▪ MAT 2020 market size: QAR 25m ▪ Total market volume increasing by 11% for MAT 2020 vs. MAT 2019 ▪ Baladna achieved clear leadership position
Cheese		5.0%	18.9%	<ul style="list-style-type: none"> ▪ MAT 2020 market size: QAR 289m ▪ Total market volume increasing by 19% for MAT 2020 vs. MAT 2019 ▪ Entered into processed cheese sector at the end of Q3 2020 – processed cheese accounts for more than 60% of total cheese sales
Creams		1.8%	12.5%	<ul style="list-style-type: none"> ▪ MAT 2020 market size: QAR 66m ▪ Total market volume increasing by 25% for MAT 2020 vs. MAT 2019 ▪ Accelerated gains driven by Q2 NPD in whipping and cooking cream

Source: AC Nielsen

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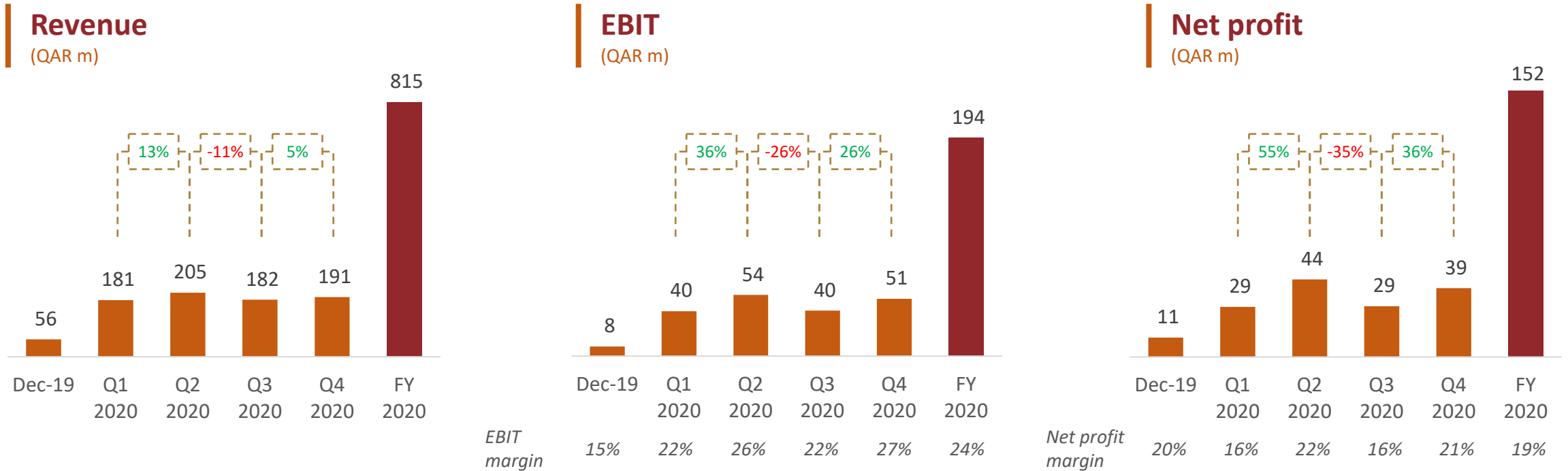
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Key financial highlights

		Q3 2020	Q4 2020	Growth	FY 2019	FY 2020	Growth	
1	Revenue	QAR 182m	QAR 191m	5%	QAR 486m	QAR 815m	68%	Revenue generation continues as Baladna maintains solid market share positions, with YoY and QoQ growth of 68% and 5%, respectively
2	EBIT	QAR 40m	QAR 51m	26%	QAR 119m	QAR 194m	62%	Strong EBIT margin of 24% for FY 2020 is a result of Baladna's efficient operations, despite headwinds brought about by the impact of Covid-19
3	Net profit	QAR 29m	QAR 39m	36%	QAR 60m	QAR 152m	152%	<ul style="list-style-type: none"> Net profit remained higher than 15% QoQ reflecting Baladna's resilience in 2020 FY 2020 net profit growth of 152% compared to FY 2019
4	EPS	QAR 0.015	QAR 0.021	36%	n.m.	QAR 0.082	n.m.	Each quarter has been value accretive to shareholders
5	Dividend	Interim dividend QAR 0.021 per share		+	Final dividend QAR 0.053 per share		=	Total dividend: QAR 0.074 per share (7.4% of nominal value per share)

n.m.: not meaningful

Financial performance development quarter by quarter

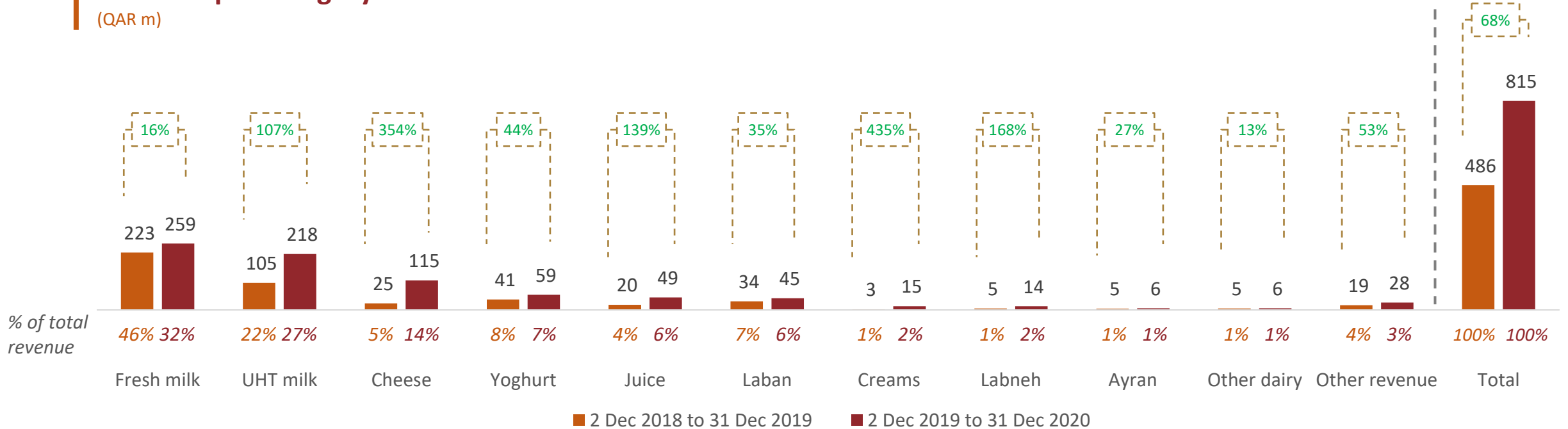


- Revenue remains strong throughout the year as Baladna continues to dominate in market share across several categories, adding new product lines and a total of 96 new SKUs during the year
- Key categories that contributed significantly to revenue include fresh milk, UHT milk, and cheese
- Quarterly net profit margins have remained above 15% throughout the year – reflects Baladna’s robust operations despite setbacks experienced due to the ongoing effects of the Covid-19 pandemic
- Baladna was still able to generate a strong net profit margin of 19% for the FY 2020

Revenue composition and growth – Year-on-year

Revenue per category

(QAR m)



- Increase in product portfolio from 167 products to 235 (net of delisted), fuelled by robust NPD program
- Reassessed existing distribution network and focused on enhancing the quality of existing client relationships while targeting new customers
- Growth across all categories with significant YoY growth within UHT milk (107%), cheese (354%), creams (435%) and juices (139%)
- Farm performance significantly improved in form of higher yield and herd size with growth of 15% in each

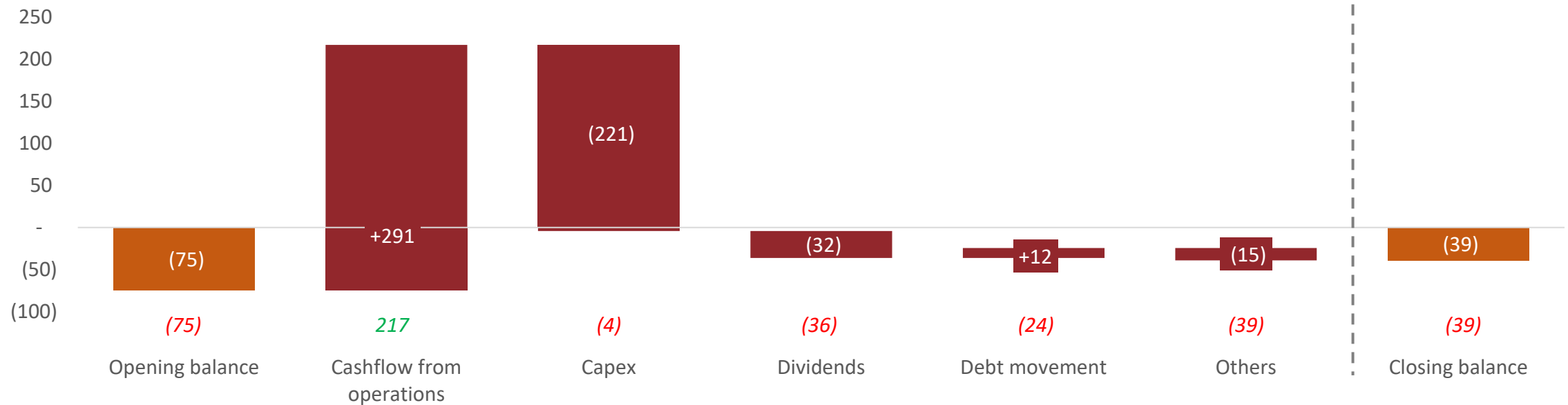
Note: "Other dairy" includes desserts, custard, ghee, and butter

"Other revenue" includes livestock sales, compost and manure sales, plastic sales, and feed sales

Cashflow management (from 2 Dec 2019 to 31 Dec 2020)

Cashflow

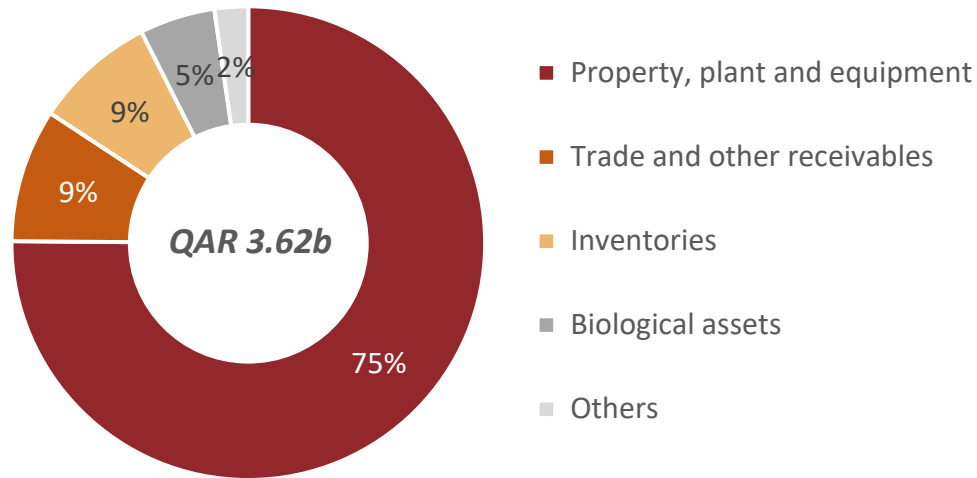
(QAR m)



- Baladna continues to generate healthy cash from operations a result of strong revenues, efficient working capital management and Government support
- Additions in capex represent business continuity and continuous improvements in facilities and infrastructures
- Dividend payment obligations of QAR 32 million have been paid (out of the declared amount of QAR 40 million)

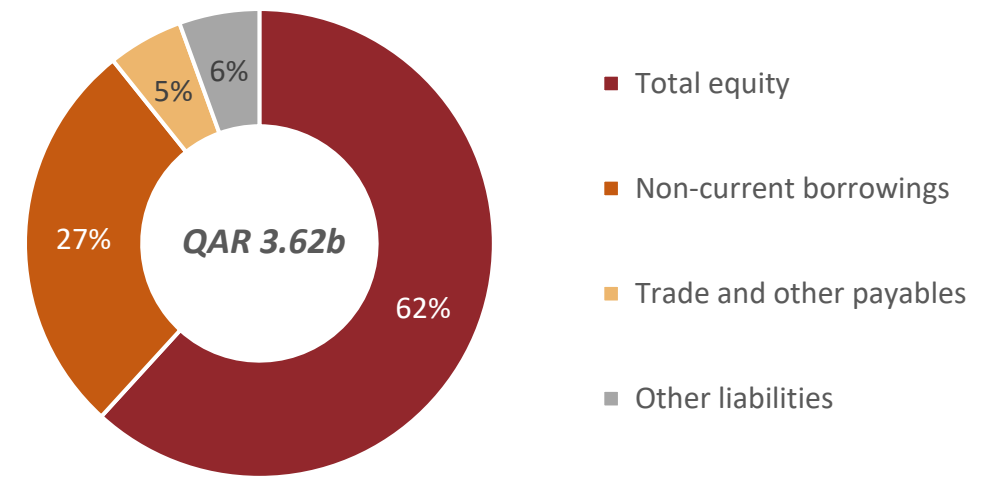
Financial position as at 31 Dec 2020

Total assets



Current assets: QAR 0.66b Non-current assets: QAR 2.96b

Total shareholders' equity and liabilities



Current liabilities: QAR 0.34b Non-current liabilities: QAR 1.04b
Equity: QAR 2.24b

- Strong assets base primarily funded by equity - equity includes QAR 201 million acquisition reserve
- The current ratio of 1.95 indicates Baladna's ability to cover its short-term liabilities and demonstrates its efficient working capital management
- Net debt to total capital ratio stands at 34.5% which shows the sound equity base of the company

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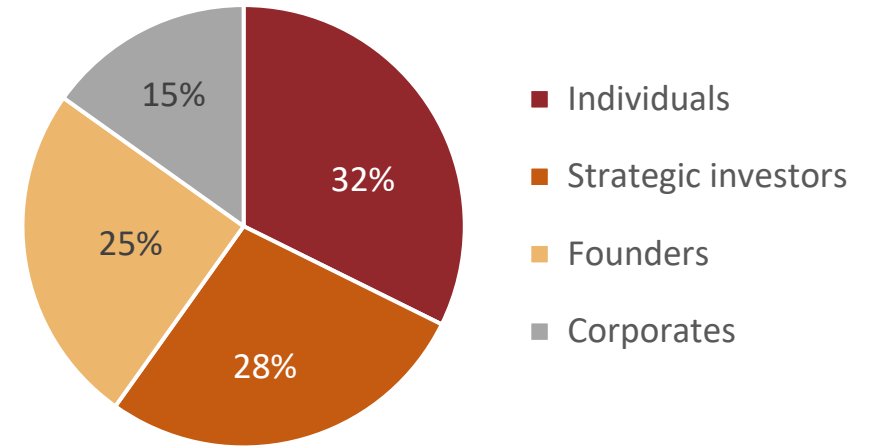
Shareholder information (as at 31 Dec 2020)

General information

Company name	Baladna Q.P.S.C.
Ticker (QE)	BLDN
Share price	QAR 1.79
Market Capitalization	QAR 3.4b
Common Shares Outstanding	1.9b
Free float	75%

Figures as at 31 Dec 2020 and in QAR unless otherwise stated.

Shareholder structure



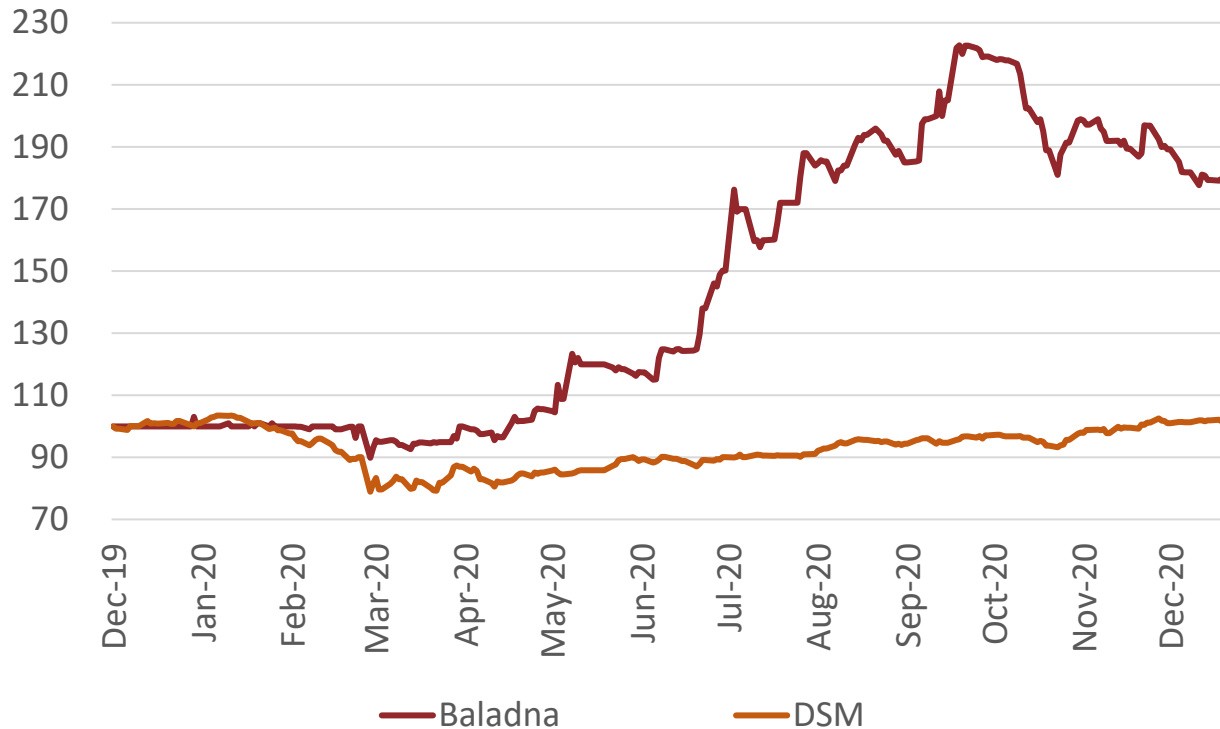
Investor relations contact

ir@baladna.com

Shareholder value creation

Share price versus DSM 11 December 2019 to 31 December 2020

(Rebased to 100)



Source: Bloomberg

- In addition to the total dividend of 7.4%, Baladna has delivered to the IPO investors a share price uplift of 79% as at 31 December 2020, compared to the QE index which increased by 1% during the same period

Total dividend for FY 2020 period

Interim dividend
QAR 0.021 per share



Proposed final dividend
QAR 0.053 per share



Total dividend
QAR 0.074 per share

7.4% of nominal value

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Management outlook 2021

- 2020 was a year of significant progress in transforming Baladna into a market leading food and beverage business and we are delighted to have delivered on our targets and paved the way for continued growth in the short and mid-term future.
- As we entered 2021, Baladna remains highly confident in our ability to accelerate growth and we intend to continue to focus on our successful core business, growing Baladna's dairy and juice portfolio in a value accretive manner through innovation and our experience. Furthermore, Baladna intends to continue exploring opportunities to enter new product categories if identified by our teams to be profitable within our capabilities.
- In the short term, we expect a continuation of volatility in terms of demand for our products, however we are confident that through business planning and the Company's agility, Baladna is well positioned to continue its growth plans in 2021.
- We intend to continue assessing opportunities for geographical expansion - leveraging our existing asset base to develop an export business as well as transferring our experience and knowledge to business models in South East Asia and beyond.
- Baladna is fully dedicated to fulfill its role and provide its contribution to the National Food Security Program and will maintain close collaboration with the respective committees. At the same time, we remain committed to continue to create shareholder value for our investors and serve our customers to the best of our ability.
- We believe 2021 is expected to be an exciting year during which Baladna will continue preparations to meet the demand dynamics of the 2022 FIFA World Cup in Qatar.



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Profit and loss statement

<i>QAR m</i>	<i>For the period from Establishment Date to 31 December 2020</i>
Revenue	814.8
Cost of revenue	(578.0)
Gross profit	236.8
Other income	171.7
Selling and distribution expenses	(99.6)
General and administrative expenses	(114.9)
Operating profit for the period	194.0
Finance costs and bank charges	(41.6)
Profit before income tax	152.4
Income tax expense	(0.2)
Profit after tax for the period	152.1
Other comprehensive income	0.0
Total comprehensive income for the period	152.1
Basic and diluted earnings per share (QAR per share)	0.082

Company profile

About us

Baladna is 100% Qatari, and one of the largest cattle farms in the region, spreading over an area of 2.4 million sqm. Our farm has a capacity to house up to 24,000 cows in a comfortable and well-conditioned environment, allowing them to reach their production capacity comfortably. Our farm provides an authentic model of freshness and nutritional value. Cows are milked daily using the most advanced rotary milking system to provide a wide selection of dairy products. The farm is open to the public and features the region's most advanced rotary milking parlour, as well as a restaurant, a carefully manicured garden, a children's play area, and a petting zoo

Mission

To ensure consumers' wellness by providing natural, nutritious and tasty foods and beverages, while maintaining the most rigorous food safety and biosecurity protocols

Vision

To be the most trusted brand of nutritional foods and healthy beverages in Qatar and to expand to new markets

Product range



Success story

+3,000
Points of sale

22,250
Head of cows

235
Products available

+1,600
Employees

Baladna senior management team

Ramez Al-Khayyat
Managing Director



- Mr. Ramez Al-Khayyat is a well-known entrepreneur and a proven leader who brings a wealth of experience in operations, risk management, and business development
- Mr. Al-Khayyat is Vice Chairman and Group CEO of Urbacon Trading & Contracting (UCC). UCC has become a synonym for vision, creativity, expertise, quality, and delivery. UCC has successfully delivered some of the most prestigious, visionary, and technically challenging projects and developments in Qatar, the Middle East, North Africa, and Europe
- Mr. Ramez Al-Khayyat is Vice Chairman and Group CEO of “Power International Holding” a conglomerate of Real Estate Development and Investment, Industrial, F&B, Retail, Dairy Farming, and Service firms



Malcolm Jordan
Chief Executive Officer

- Mr. Malcolm Jordan has more than 25 years of experience and held a number of executive positions within the leadership team of Almarai: Executive Vice President-New Business, CEO-IPNC, General Manager-Marketing, General Manager-Quality, Product Development and Innovation
- Mr. Jordan is a graduate in Food Technology from the West of Scotland Agricultural College in Scotland and holds a Certificate in Leadership Development from IMD in Switzerland



Saifullah Khan
Chief Financial Officer

- Mr. Saifullah Khan holds the position of Chief Financial Officer of Baladna.
- As CFO, Mr. Khan is responsible for the strategic management of Baladna’s financial functions. He has considerable experience in scaling financial operations and organizational restructuring, and has a strong track record in delivering improved financial performance, productivity and governance
- Mr. Khan’s career has spanned a range of sectors including construction, manufacturing and dairy, and he has served in senior-level financial positions with a range of multinational companies such as NLC Pakistan and Qatar Power Construction.
- Mr. Khan holds a Bachelor’s degree in Accounting, a Master’s degree in Finance and CPA certification.

Glossary

EBIT	Earnings Before Interest, and Tax
EPS	Earnings Per Share
HORECA	Hotels, Restaurants and Catering
MAT	Moving Annual Total
NP	Net Profit
NPD	New Product Development
SKU	Stock Keeping Unit
UHT	Ultra-High Temperature
YTD	Year-To-Date



Q&A